

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	663.53	1.00	(17.50)	647.03	1.00	(21.00)	643.53	643.53
Personal Services	24,006,775	2,253,898	(974,489)	25,286,184	2,258,936	(621,622)	25,644,089	50,930,273
Operating Expenses	8,700,168	547,347	172,699	9,420,214	498,864	87,446	9,286,478	18,706,692
Equipment	93,435	0	0	93,435	0	0	93,435	186,870
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	6,375	0	0	6,375	0	0	6,375	12,750
Total Costs	\$32,806,753	\$2,801,245	(\$801,790)	\$34,806,208	\$2,757,800	(\$534,176)	\$35,030,377	\$69,836,585
General Fund	28,078,749	2,614,593	(825,791)	29,867,551	2,570,716	(588,729)	30,060,736	59,928,287
State/Other Special	424,485	124,671	0	549,156	128,678	0	553,163	1,102,319
Federal Special	2,328,482	43,635	12,968	2,385,085	33,835	5,521	2,367,838	4,752,923
Proprietary	1,975,037	18,346	11,033	2,004,416	24,571	49,032	2,048,640	4,053,056
Total Funds	\$32,806,753	\$2,801,245	(\$801,790)	\$34,806,208	\$2,757,800	(\$534,176)	\$35,030,377	\$69,836,585

Agency Description

The Department of Revenue (DOR) collects revenue from and enforces regulations for over 30 state taxes and fees. The department also regulates the sale and distribution of alcoholic beverages in the state. The department is organized into five core processes with overall agency direction and management coordinated from the Director's Office.

Summary of Legislative Action

Department of Revenue Major Budget Highlights	
<ul style="list-style-type: none"> ○ The total fund budget increases by \$4.2 million for the biennium over the base and general fund increases by \$3.8 million over the base ○ HB 13 increases total funds by \$782,827 for the biennium to fund the pay plan for the 2005 biennium ○ With HB 13 included, new proposals reduce total funding by \$1.3 million and without HB 13 included, new proposals reduce total funding by \$2.1 million for the biennium ○ Statewide adjustments increase total funds by \$5.0 million for the biennium ○ Net reduction of 21.00 FTE by: <ul style="list-style-type: none"> ?? Reducing funding to eliminate 5.00 FTE policy and performance management staff ?? Reducing funding to eliminate 1.00 FTE training officer ?? Increasing funding to add 1.00 FTE unclaimed property auditor ?? Reducing funding to eliminate 9.50 FTE in fiscal 2004 and additional 3.50 FTE in fiscal 2005 that perform property appraisals ?? Reducing funding to eliminate 3.00 FTE software testers due to discontinuing the development of POINTS II ○ The budget includes impacts from discontinuing the development of POINTS II, but not funding to replace POINTS. POINTS replacement was required by and funded in SB 271 (for more information on the 	

POINTS project see Volume 1 of this report, under Other Budget or Fiscal Actions – POINTS System Replacement)

- The global personal services reduction that applied an additional vacancy savings for positions funded with general fund reduced general fund in the department by \$871,296 for the biennium

The legislative budget shows a total fund budget increase from the base of \$4.2 million for the biennium, with a corresponding general fund increase of \$3.8 million. The legislative budget includes funding for both HB 2 and HB 13. HB 13 funds the pay plan increases for the 2005 biennium and accounts for \$782,827 of the total fund increase or \$704,273 of the general fund increase for the biennium. Prior to adding HB 13, new proposals reduced the total fund budget by \$2.1 million for the biennium. The funding reductions eliminate 21.00 FTE with staff reductions occurring in most programs. In the Director's Office, 5.00 FTE were eliminated in positions that perform various department policy, strategic planning, and performance management functions. One of two training officer positions was eliminated, as were 3.00 FTE software tester positions that supported the discontinued POINTS II project (the second phase of the Process Oriented Integrated Tax System). The elimination of 13.00 FTE associated with property appraisals and valuations will have the greatest service impact for the department. According to the department, eliminating the property appraisal and valuation positions will not result in statutory deadlines being missed, but will result in larger service delays and backlogs of property valuation and appraisal services. The global personal services reduction that added an additional vacancy savings to positions funded with general fund will have an unspecified impact on the department.

The legislative budget does not include any costs associated with replacing the Process Oriented Integrated System (POINTS) or moving the collection of unemployment insurance (UI) tax to the Department of Labor and Industry. The legislature required the department to replace POINTS and provided funding for the replacement in SB 271. The legislature provided \$600,000 general fund for the biennium to maintain POINTS during the 2005 biennium, but specified it as one-time funding so it will not be included in the base for the 2007 biennium budget. The responsibility for collecting UI taxes will be moved to the Department of Labor and Industry sometime during the interim as computer systems and processes are developed and implemented. For more information on the POINTS project see Volume 1 of this report, under Other Budget or Fiscal Actions – POINTS System Replacement.

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature.

Total Agency Funding 2005 Biennium Executive Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
Directors Office	\$ 3,526,586	\$ -	\$ 197,304	\$ 61,097	\$ 3,784,987	5.4%
Information Technology	5,727,771	-	367,392	129,660	6,224,823	8.9%
Resource Management	2,145,233	-	195,038	2,310,154	4,650,425	6.7%
Customer Service Center	8,262,435	713,507	1,761,499	1,552,145	12,289,586	17.6%
Compliance Valuation And Resolution	<u>40,266,262</u>	<u>388,812</u>	<u>2,231,690</u>		<u>42,886,764</u>	<u>61.4%</u>
Grand Total	<u>\$ 59,928,287</u>	<u>\$ 1,102,319</u>	<u>\$ 4,752,923</u>	<u>\$ 4,053,056</u>	<u>\$ 69,836,585</u>	<u>100.0%</u>

Other Legislation

Senate Bill 271 - SB 271 requires that the POINTS computer system of the department be replaced and the data in the current system that is needed for the replacement system be corrected and transferred to the new system. The bill directs that UI tax collection processing should not be included in the functionality for the replacement system and that responsibility for collecting UI taxes should be moved back to the Department of Labor and Industry. In order to finance the replacement of POINTS, the bill: 1) provides authority for the department to obtain a loan from the Board of Investments; 2) appropriates funds, up to \$17 million, to the Department of Administration to expend loan proceeds to replace the system; 3) appropriates funds to the department to pay principle and interest due on the loan during the biennium; 4) appropriates funds to the department to transition data, systems, and processes to the replacement system; and 5) appropriates funds to the department to transfer responsibility for unemployment insurance collections to the

Department of Labor and Industry. The source of the funds the department will use to pay debt service for the loan is a fee of up to 0.45 percent of selected taxes the department collects for the state. Annually through administrative rule, the department will set the fee and the taxes to which the fee applies.

Senate Bill 407 - SB 407 provides an income tax reduction with revenue from a limited sales tax and use taxes on certain property and services. The fiscal note for SB 407 indicated that it would increase operating expenses of the department by \$16,918 for the biennium, which includes funding for an additional 0.25 FTE to administer and provide compliance work for the rental vehicle tax. The executive did not request funding for this impact nor was it provided by the legislature.

Senate Bill 461 - SB 461 mitigates the effects of the periodic property tax revaluation cycle that begins in 2003. The legislative budget includes \$130,375 general fund for the biennium to address the expenditure impacts of SB 461, including funding for 1.00 FTE and one-time funding of \$65,157 to modify the Computer Assisted Mass Appraisal System, purchase equipment, and inform the public through advertisements. SB 461 also contains a general fund appropriation to fund operating expenses and personnel expenses of an interim property tax reappraisal study committee and tax reform study committee. Since the committees are attached to the department for administrative purposes, the \$60,000 general fund appropriation for the biennium will be administered through the department but will not impact its base budget.

Senate Bill 484 - SB 484 authorizes municipalities, consolidated local governments, and counties to create empowerment zones to encourage the creation of jobs within the zones. The legislative budget includes one-time funding of \$5,474 general fund in fiscal 2004 to modify computer systems impacted by SB 484.

House Bill 429 - HB 429 established a property tax exemption study committee and provided an appropriation to the committee for operating expenses and personnel expenses of the committee. Since the committee is attached to the department for administrative purposes, the \$6,000 general fund appropriation for biennium will be administered through the department but will not impact its base budget.

House Bill 748 - HB 748 simplifies the distribution of oil and natural gas taxes. The executive identified costs of \$97,139 to modify existing data processing systems for oil and gas taxes to implement the bill. The legislature did not provide funding for these costs.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2002	Executive Budget Fiscal 2004	Legislative Budget Fiscal 2004	Leg – Exec. Difference Fiscal 2004	Executive Budget Fiscal 2005	Legislative Budget Fiscal 2005	Leg – Exec. Difference Fiscal 2005	Biennium Difference Fiscal 04-05
FTE	663.53	646.03	647.03	1.00	642.53	643.53	1.00	
Personal Services	24,006,775	25,539,288	25,286,184	(253,104)	25,429,562	25,644,089	214,527	(38,577)
Operating Expenses	8,700,168	9,706,693	9,420,214	(286,479)	9,385,601	9,286,478	(99,123)	(385,602)
Equipment	93,435	93,435	93,435	0	93,435	93,435	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	6,375	6,375	6,375	0	6,375	6,375	0	0
Total Costs	\$32,806,753	\$35,345,791	\$34,806,208	(\$539,583)	\$34,914,973	\$35,030,377	\$115,404	(\$424,179)
General Fund	28,078,749	30,431,135	29,867,551	(563,584)	29,999,885	30,060,736	60,851	(502,733)
State/Other Special	424,485	549,156	549,156	0	553,163	553,163	0	0
Federal Special	2,328,482	2,372,117	2,385,085	12,968	2,362,317	2,367,838	5,521	18,489
Proprietary	1,975,037	1,993,383	2,004,416	11,033	1,999,608	2,048,640	49,032	60,065
Total Funds	\$32,806,753	\$35,345,791	\$34,806,208	(\$539,583)	\$34,914,973	\$35,030,377	\$115,404	(\$424,179)

Executive Budget Comparison

The legislative budget is \$424,179 in total funds less than the Executive Budget for the biennium. General fund is \$502,733 less for the biennium than the Executive Budget. The difference between the legislative and executive budgets is due to the following legislative actions:

- A personal services reduction of \$871,296 that reduced funding for positions funded by general fund
- Funding of the pay plan (HB 13) that added \$782,827 total funds (\$704,273 general fund)
- Non-acceptance of a \$250,000 biennium general fund adjustment to provide an upgrade of the Oracle software for POINTS
- Non-acceptance of a \$131,000 biennium general fund adjustment to fund increased contract costs associated with CAMAS (Computer Assisted Mass Appraisal System)
- A \$164,000 biennium general fund reduction to reduce CAMAS operating costs
- A \$40,000 biennium general fund reduction to reduce the number of personal computers that would be replaced
- A \$113,441 biennium general fund increase to fund rent increases that are charged by local governments and are tied to the rates approved for the General Services Division of the Department of Administration
- Funding for SB 484 (\$5,474 general fund) and SB 461 (\$99,343 general fund)

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	37.00	0.00	(5.00)	32.00	0.00	(5.00)	32.00	32.00
Personal Services	2,024,982	21,398	(680,224)	1,366,156	22,185	(655,694)	1,391,473	2,757,629
Operating Expenses	517,538	62,399	(13,260)	566,677	(74,381)	(13,260)	429,897	996,574
Equipment	15,392	0	0	15,392	0	0	15,392	30,784
Local Assistance	0	0	0	0	0	0	0	0
Total Costs	\$2,557,912	\$83,797	(\$693,484)	\$1,948,225	(\$52,196)	(\$668,954)	\$1,836,762	\$3,784,987
General Fund	2,526,235	(17,951)	(693,977)	1,814,307	(144,144)	(669,812)	1,712,279	3,526,586
State/Other Special	300	(300)	0	0	(300)	0	0	0
Federal Special	800	102,553	398	103,751	92,753	0	93,553	197,304
Proprietary	30,577	(505)	95	30,167	(505)	858	30,930	61,097
Total Funds	\$2,557,912	\$83,797	(\$693,484)	\$1,948,225	(\$52,196)	(\$668,954)	\$1,836,762	\$3,784,987

Program Description

The Director's Office provides management control, policy direction, strategic planning, and legal services to assist the tax and liquor programs in fulfilling their responsibilities. The legal services staff advise other program staff and handle tax appeals before the State Tax Appeal Board and state courts. The Director's Office also includes the Policy and Performance Management unit, the Tax Policy and Research unit, and the Office of Dispute Resolution.

The Policy and Performance Management unit supports the department's core processes and is responsible for coordinating the strategic development of operating policies, budgets, rules, performance management, change management, and strategic planning for the department. The Tax Policy and Research unit is responsible for estimating state revenue, coordinating Department of Revenue legislation and fiscal notes, reviewing all legislation related to revenue, and conducting revenue-related research. The Office of Dispute Resolution has consolidated the department's dispute resolution efforts, including tax and liquor appeals, into a single location and process.

Program Narrative

<p style="text-align: center;">Department of Revenue Director's Office Major Budget Highlights</p>
<ul style="list-style-type: none"> ○ 5.00 FTE that perform change management, performance management, management specialist, and strategic planning were eliminated ○ The global reduction that applied an additional vacancy savings for positions funded with general fund was applied to this program with language that allows the reduction to be allocated to other programs of the department. For the Department of Revenue, the reduction was for \$871,296 for the biennium

Funding

The following table shows program funding by source, for the base year and the 2005 biennium.

Program Funding Table						
Directors Office						
<u>Program Funding</u>	<u>Base</u>	<u>% of Base</u>	<u>Budget</u>	<u>% of Budget</u>	<u>Budget</u>	<u>% of Budget</u>
	<u>Fiscal 2002</u>	<u>Fiscal 2002</u>	<u>Fiscal 2004</u>	<u>Fiscal 2004</u>	<u>Fiscal 2005</u>	<u>Fiscal 2005</u>
01100 General Fund	\$ 2,526,235	98.8%	\$ 1,814,307	93.1%	\$ 1,712,279	93.2%
02110 Accommodation Tax Admin	300	0.0%	-	-	-	-
03928 Royalty Audit - Nrcr	800	0.0%	800	0.0%	-	-
03954 Ui Administrative Grants	-	-	102,951	5.3%	93,553	5.1%
06005 Liquor Division	30,577	1.2%	30,167	1.5%	30,930	1.7%
Grand Total	\$ 2,557,912	100.0%	\$ 1,948,225	100.0%	\$ 1,836,762	100.0%

Funding for the program comes primarily from the general fund. Other funding sources are proprietary funds and federal special revenue from federal unemployment insurance funds. Federal funds to administer unemployment insurance taxes are increased for the biennium to reflect a shift between programs of the department to more accurately reflect how the funds will be expended during the 2005 biennium. The increase of federal unemployment insurance funds in the Director's Office corresponds to an offsetting reduction in the Information Technology Program and a corresponding increase in the Resource Management Program. The proprietary funding is from a direct appropriation of Liquor Division proprietary fund and is for the Liquor Division share of Director's Office support costs. The allocation is based on FTE counts.

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				106,664					107,484	
Vacancy Savings				(85,266)					(85,299)	
Inflation/Deflation				5,589					5,608	
Fixed Costs				56,810					(79,989)	
Total Statewide Present Law Adjustments				\$83,797					(\$52,196)	
Grand Total All Present Law Adjustments				\$83,797					(\$52,196)	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

New Proposals										
-----Fiscal 2004-----					-----Fiscal 2005-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 102 - Reduce Agency Support Functions-Policy Performance										
01	(5.00)	(265,605)	0	0	(265,605)	(5.00)	(264,995)	0	0	(264,995)
DP 655 - Personal Services Reduction										
01	0.00	(435,648)	0	0	(435,648)	0.00	(435,648)	0	0	(435,648)
DP 6800 - HB 13 - Pay Plan										
01	0.00	7,276	0	398	7,769*	0.00	30,831	0	0	31,689*
Total	(5.00)	(\$693,977)	\$0	\$398	(\$693,484)*	(5.00)	(\$669,812)	\$0	\$0	(\$668,954)*

New Proposals

DP 102 - Reduce Agency Support Functions-Policy Performance - The legislature approved a reduction of \$530,600 general fund for the biennium to reduce funding for 5.00 FTE. Functions in the department associated with the staff being eliminated are change management, performance management, management specialist, and strategic planning.

DP 655 - Personal Services Reduction - The legislature applied a further vacancy savings on general fund positions. The average for this agency is 1.5 percent on general fund and 1.2 percent on total funding.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

Language

The legislature approved the following language for the program:

"Item 1 includes a reduction in general fund money of \$435,648 in fiscal year 2004 and \$435,648 in fiscal year 2005 for the statewide FTE reduction. The agency may allocate this reduction in funding among programs when developing 2005 biennium operating plans."

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	36.25	0.00	0.00	36.25	0.00	0.00	36.25	36.25
Personal Services	1,711,360	154,170	8,574	1,874,104	154,437	34,177	1,899,974	3,774,078
Operating Expenses	793,176	105,707	305,474	1,204,357	113,118	300,000	1,206,294	2,410,651
Equipment	20,047	0	0	20,047	0	0	20,047	40,094
Total Costs	\$2,524,583	\$259,877	\$314,048	\$3,098,508	\$267,555	\$334,177	\$3,126,315	\$6,224,823
General Fund	2,078,658	458,192	313,159	2,850,009	465,870	333,234	2,877,762	5,727,771
Federal Special	374,214	(190,849)	662	184,027	(190,849)	0	183,365	367,392
Proprietary	71,711	(7,466)	227	64,472	(7,466)	943	65,188	129,660
Total Funds	\$2,524,583	\$259,877	\$314,048	\$3,098,508	\$267,555	\$334,177	\$3,126,315	\$6,224,823

Program Description

The Information Technology Program is responsible for planning, coordinating, delivering, and controlling information resources for the department. The program is responsible for managing all computing services provided to the department, including integrating and managing desktop, mid-tier, and mainframe applications as well as network support services.

Program Narrative

Department of Revenue Information Technology Major Budget Highlights	
○	One time funding of \$600,000 general fund was approved to maintain POINTS during the 2005 biennium

Funding

The following table shows program funding by source, for the base year and the 2005 biennium.

Program Funding Table						
Information Technology						
<u>Program Funding</u>	<u>Base Fiscal 2002</u>	<u>% of Base Fiscal 2002</u>	<u>Budget Fiscal 2004</u>	<u>% of Budget Fiscal 2004</u>	<u>Budget Fiscal 2005</u>	<u>% of Budget Fiscal 2005</u>
01100 General Fund	\$ 2,078,658	82.3%	\$ 2,850,009	92.0%	\$ 2,877,762	92.0%
03954 Ui Administrative Grants	374,214	14.8%	184,027	5.9%	183,365	5.9%
06005 Liquor Division	71,711	2.8%	64,472	2.1%	65,188	2.1%
Grand Total	\$ 2,524,583	100.0%	\$ 3,098,508	100.0%	\$ 3,126,315	100.0%

The Information Technology Program is funded with general fund, federal special revenue, and proprietary funds. The federal special revenue funding comes from reimbursements for administering unemployment insurance taxes, which are reduced for the biennium to reflect a shift between programs of the department to more accurately reflect how the funds will be expended during the 2005 biennium. The reduction of federal unemployment insurance funds in the Information Technology Program corresponds to offsetting increases in the Director's Office and the Resource Management Program. The proprietary funding is from a direct appropriation of Liquor Division proprietary fund and is for the Liquor Division share of Information Technology Program support costs. The allocation is based on FTE counts.

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					231,879					232,180
Vacancy Savings					(77,709)					(77,743)
Inflation/Deflation					4,993					5,137
Fixed Costs					100,714					107,981
Total Statewide Present Law Adjustments					\$259,877					\$267,555
Grand Total All Present Law Adjustments					\$259,877					\$267,555

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 210 - POINTS Phase I Maintenance (OTO)										
02	0.00	300,000	0	0	300,000	0.00	300,000	0	0	300,000
DP 212 - SB 484 - Empowerment Zones (OTO)										
02	0.00	5,474	0	0	5,474	0.00	0	0	0	0
DP 6800 - HB 13 - Pay Plan										
02	0.00	7,685	0	662	8,574*	0.00	33,234	0	0	34,177*
Total	0.00	\$313,159	\$0	\$662	\$314,048*	0.00	\$333,234	\$0	\$0	\$334,177*

New Proposals

DP 210 - POINTS Phase I Maintenance (OTO) - The legislature approved an increase of \$600,000 general fund for the biennium to maintain POINTS I. The funding is for consultant and professional information technology (IT) staff and increased mid-tier service charges paid to the Information Technology Services Division of the Department of Administration. The legislature designated the appropriation for this increase as one time only. Funding for replacement of POINTS is contained in SB 271.

DP 212 - SB 484 - Empowerment Zones (OTO) - The legislature approved a one-time increase of \$5,474 general fund in fiscal 2004 to modify the existing tax systems to accommodate the credits against individual income taxes and corporation license taxes that result from passage of SB 484.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	39.50	0.00	(1.00)	38.50	0.00	(1.00)	38.50	38.50
Personal Services	1,679,893	67,535	(20,868)	1,726,560	69,573	11,539	1,761,005	3,487,565
Operating Expenses	560,745	(21,317)	(2,652)	536,776	(15,641)	(2,652)	542,452	1,079,228
Equipment	41,816	0	0	41,816	0	0	41,816	83,632
Capital Outlay	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$2,282,454	\$46,218	(\$23,520)	\$2,305,152	\$53,932	\$8,887	\$2,345,273	\$4,650,425
General Fund	1,172,470	(77,395)	(29,922)	1,065,153	(75,906)	(16,484)	1,080,080	2,145,233
Federal Special	0	97,296	446	97,742	97,296	0	97,296	195,038
Proprietary	1,109,984	26,317	5,956	1,142,257	32,542	25,371	1,167,897	2,310,154
Total Funds	\$2,282,454	\$46,218	(\$23,520)	\$2,305,152	\$53,932	\$8,887	\$2,345,273	\$4,650,425

Program Description

The Resource Management Program provides service and support to the department by integrating the human resources, accounting, facilities management, communications, and training and education functions of the department. The Liquor Distribution Unit is managed in this program.

Program Narrative

Department of Revenue Resource Management Major Budget Highlights	
<ul style="list-style-type: none"> 1.00 FTE training officer position was eliminated Language appropriations totaling up to \$138.5 million were approved to address staffing and inventory impacts from potential increases in demand for liquor products and to fund potential staff termination payouts 	

Funding

The following table shows program funding by source, for the base year and the 2005 biennium.

Program Funding Table Resource Management						
	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
Program Funding						
01100 General Fund	\$ 1,172,470	51.4%	\$ 1,065,153	46.2%	\$ 1,080,080	46.1%
03954 Ui Administrative Grants	-	-	97,742	4.2%	97,296	4.1%
06005 Liquor Division	<u>1,109,984</u>	<u>48.6%</u>	<u>1,142,257</u>	<u>49.6%</u>	<u>1,167,897</u>	<u>49.8%</u>
Grand Total	<u>\$ 2,282,454</u>	<u>100.0%</u>	<u>\$ 2,305,152</u>	<u>100.0%</u>	<u>\$ 2,345,273</u>	<u>100.0%</u>

The Resource Management Program is funded with general fund, federal special revenue, and Liquor Division proprietary funds. General fund and federal unemployment administration grant funds support the centralized service functions provided by the program to other programs of the department. Federal funds to administer unemployment insurance taxes

are increased by \$195,038 for the biennium to reflect a shift between programs of the department to more accurately reflect how the funds will be expended during the 2005 biennium. The increase of federal unemployment insurance funds in the Resource Management Program corresponds to an offsetting reduction in the Information Technology Program and a corresponding increase in the Director's Office. Liquor Division proprietary funds provide support for the centralized services functions that support the liquor distribution functions of the program and directly support the operations of the liquor distribution functions of the program.

Present Law Adjustments										
Fiscal 2004						Fiscal 2005				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				140,344						142,466
Vacancy Savings				(72,809)						(72,893)
Inflation/Deflation				3,775						4,240
Fixed Costs				(25,092)						(19,881)
Total Statewide Present Law Adjustments				\$46,218						\$53,932
Grand Total All Present Law Adjustments				\$46,218						\$53,932

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

New Proposals										
Fiscal 2004						Fiscal 2005				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 504 - Reduce Agency Support Function-Resource Management										
05	(1.00)	(34,303)	0	0	(34,303)	(1.00)	(34,272)	0	0	(34,272)
DP 6800 - HB 13 - Pay Plan										
05	0.00	4,381	0	446	10,783*	0.00	17,788	0	0	43,159*
Total	(1.00)	(\$29,922)	\$0	\$446	(\$23,520)*	(1.00)	(\$16,484)	\$0	\$0	\$8,887*

New Proposals

DP 504 - Reduce Agency Support Function-Resource Management - The legislature approved a reduction of \$68,575 general fund for the biennium to reduce funding for 1.00 FTE training officer.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

Language

The legislature approved the following language appropriations for the Resource Management Division.

"Liquor division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profits and taxes to appropriate accounts are appropriated from the liquor enterprise fund (06005) to the department in amounts not to exceed \$67,588,169 in fiscal year 2004 and \$70,782,541 in fiscal year 2005."

"In the liquor division, upon a termination that requires a payout of accrued leave balances, liquor division proprietary funds are appropriated from the liquor enterprise fund (06005) to the department in the amount equal to the payout of the accrued leave balances, not to exceed \$30,000 for each of fiscal years 2004 and 2005."

"In the event that the department is unable to meet statutory service levels because of the increase in demand for liquor products, the department may hire additional temporary employees or pay overtime, whichever is determined to be the more cost-effective, to maintain required service levels to stores. In fiscal year 2004 and in fiscal year 2005, the department is appropriated not more than \$40,000 each year for additional costs from the liquor enterprise fund."

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	119.00	1.00	0.00	120.00	1.00	0.00	120.00	120.00
Personal Services	3,647,992	336,106	30,150	4,014,248	338,914	110,284	4,097,190	8,111,438
Operating Expenses	2,030,746	142,433	(88,000)	2,085,179	159,223	(97,000)	2,092,969	4,178,148
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$5,678,738	\$478,539	(\$57,850)	\$6,099,427	\$498,137	\$13,284	\$6,190,159	\$12,289,586
General Fund	3,798,469	361,447	(67,706)	4,092,210	380,332	(8,576)	4,170,225	8,262,435
State/Other Special	239,943	116,454	0	356,397	117,167	0	357,110	713,507
Federal Special	877,561	638	5,101	883,300	638	0	878,199	1,761,499
Proprietary	762,765	0	4,755	767,520	0	21,860	784,625	1,552,145
Total Funds	\$5,678,738	\$478,539	(\$57,850)	\$6,099,427	\$498,137	\$13,284	\$6,190,159	\$12,289,586

Program Description

The Customer Service Center Program (CSC) combines the document and information processing, accounts receivable and collections, and customer intake processes into a single business unit designed to collect revenue, process documents, provide taxpayer information, and process liquor licenses for the department and agency partners. The CSC provides a single point of contact for debtors and is responsible for delinquent account collection and enforcement activities.

Program Narrative

<p style="text-align: center;">Department of Revenue Customer Service Center Major Budget Highlights</p>
<ul style="list-style-type: none"> ○ The department was directed to provide reports to the revenue and transportation interim committee that show the cost of tax compliance staff and the additional revenue generated from providing the associated tax compliance ○ Funding was provided for the department to participate in the Treasury Offset Program (TOP), through which the department will send a list of eligible taxpayers with delinquent state tax debts to the United States Treasury's Financial Management Service (FMS) where eligible federal tax refunds would be applied against the state tax debts

Funding

The following table shows program funding by source, for the base year and the 2005 biennium.

Program Funding Table							
Customer Service Center							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	\$ 3,798,469	66.9%	\$ 4,092,210	67.1%	\$ 4,170,225	67.4%	
02025 Unclaimed Property	99,910	1.8%	162,446	2.7%	162,336	2.6%	
02088 One-Stop And New Hire Admin.	110,798	2.0%	161,500	2.6%	161,500	2.6%	
02110 Accommodation Tax Admin	29,235	0.5%	27,451	0.5%	28,274	0.5%	
02396 Sb354-Restaurant Beer & Wine	-	-	5,000	0.1%	5,000	0.1%	
03680 New Hire Admin (Federal Share)	91,761	1.6%	92,400	1.5%	92,400	1.5%	
03954 Un Administrative Grants	785,800	13.8%	790,900	13.0%	785,799	12.7%	
06005 Liquor Division	762,765	13.4%	767,520	12.6%	784,625	12.7%	
Grand Total	\$ 5,678,738	100.0%	\$ 6,099,427	100.0%	\$ 6,190,159	100.0%	

The Customer Service Center is funded with general fund, state and federal special revenue, and proprietary funds. State special revenue is for unclaimed property administration, one-stop licensing and new hire administration, and accommodation tax administration. Federal special revenue is for new hire administration and unemployment insurance. Liquor Division proprietary funds are for Customer Service Center costs that support the Liquor Division activities. The allocation is based on Liquor Division FTE counts.

The delinquent account collection and enforcement activities are funded with internal service proprietary funds and are not included in the budget tables for the program. The proprietary section of this program discusses funding for the delinquent account collection and enforcement activities and the rate requested to finance this internal service funded portion of the program.

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				461,009					464,057
Vacancy Savings				(164,349)					(164,479)
Inflation/Deflation				77,722					77,921
Fixed Costs				40,349					56,821
Total Statewide Present Law Adjustments				\$414,731					\$434,320
DP 602 - Restore OTO Unclaimed Property Auditor									
1.00	0	52,446	0	52,446	1.00	0	52,336	0	52,336
DP 604 - Compliance Staff Operating Costs									
0.00	11,362	0	0	11,362	0.00	11,481	0	0	11,481
Total Other Present Law Adjustments									
1.00	\$11,362	\$52,446	\$0	\$63,808	1.00	\$11,481	\$52,336	\$0	\$63,817
Grand Total All Present Law Adjustments				\$478,539					\$498,137

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 602 - Restore OTO Unclaimed Property Auditor - The legislature approved an increase of \$104,782 state special revenue for the biennium to fund 1.00 FTE unclaimed property auditor and associated operating costs.

DP 604 - Compliance Staff Operating Costs - The legislature approved an increase of \$22,843 general fund for the biennium for operating costs associated with 3.30 FTE compliance staff added during the August 2002 Special Session. When it approved the increased funding, the legislature directed the department to provide reports to the Revenue and Transportation Committee during the interim to identify the revenues generated from compliance staff activities. The reports were directed because the additional staff were funded under the assumption that each additional compliance staff would generate \$280,000 additional general fund revenue per year through increased compliance activities. The legislature directed reports through language contained in HB 2.

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 603 - Reduction of Computer Processing										
06	0.00	(90,000)	0	0	(90,000)	0.00	(90,000)	0	0	(90,000)
DP 606 - Treasury Offset Program										
06	0.00	27,000	0	0	27,000	0.00	18,000	0	0	18,000
DP 607 - Eliminate GenTran Maintenance Contract										
06	0.00	(25,000)	0	0	(25,000)	0.00	(25,000)	0	0	(25,000)
DP 6800 - HB 13 - Pay Plan										
06	0.00	20,294	0	5,101	30,150*	0.00	88,424	0	0	110,284*
Total	0.00	(\$67,706)	\$0	\$5,101	(\$57,850)*	0.00	(\$8,576)	\$0	\$0	\$13,284*

New Proposals

DP 603 - Reduction of Computer Processing - The legislature approved a reduction of \$180,000 general fund for the biennium for computer processing service charge payments to the Information Technology Services Division of the Department of Administration.

DP 606 - Treasury Offset Program - The legislature approved an increase of \$45,000 general fund for the biennium to participate in the Treasury Offset Program (TOP). Through the TOP the department will send a list of eligible taxpayers with delinquent state tax debts to the United States Treasury's Financial Management Service (FMS), where eligible federal tax refunds would be applied against the state tax debts.

DP 607 - Eliminate GenTran Maintenance Contract - The legislature approved a reduction of \$50,000 general fund for the biennium to eliminate the maintenance contract for the GenTran software.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

Language

The legislature approved the following language for the Customer Service Center:

"The department shall present reports to the revenue and transportation interim committee that show the cost of tax compliance staff and the additional revenue generated from providing the associated tax compliance. The department shall identify the costs and revenue separately for the additional staff added during the August 2002 special legislative session. The revenue and transportation interim committee may determine the frequency for reporting by the department on compliance staff revenue."

Proprietary Rates**Program Description**

The Customer Services Center provides the collection services function that collects debt associated with delinquent accounts. The collection services function serves all state agencies and is funded through a service charge for collecting on delinquent accounts.

Revenues and Expenses

The department charges a 10 percent commission to provide collection services on delinquent accounts. These funds are used to pay the expenses of the Collection Services Program, including 3.50 FTE. Personal services costs account for approximately 84.0 percent of program costs. The remaining costs are related to rent, computer access and processing, and a percentage of the statewide fixed costs allocated to this function.

In fiscal 2002, the program had fee revenues of \$128,437 with expenses of \$172,793 and generated a net operating loss. This loss maintained the program below the 60-day working capital level specified by federal cash management standards. For the remainder of the 2003 biennium and for the 2005 biennium, the program is expected to operate near breakeven.

Rate Explanation

The legislature approved a rate of 10 percent of the amount of delinquent accounts collected by the program as the accounts receivable commission to finance the operations of the program for the 2005 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	431.78	0.00	(11.50)	420.28	0.00	(15.00)	416.78	416.78
Personal Services	14,942,548	1,674,689	(312,121)	16,305,116	1,673,827	(121,928)	16,494,447	32,799,563
Operating Expenses	4,797,963	258,125	(28,863)	5,027,225	316,545	(99,642)	5,014,866	10,042,091
Equipment	16,180	0	0	16,180	0	0	16,180	32,360
Debt Service	6,375	0	0	6,375	0	0	6,375	12,750
Total Costs	\$19,763,066	\$1,932,814	(\$340,984)	\$21,354,896	\$1,990,372	(\$221,570)	\$21,531,868	\$42,886,764
General Fund	18,502,917	1,890,300	(347,345)	20,045,872	1,944,564	(227,091)	20,220,390	40,266,262
State/Other Special	184,242	8,517	0	192,759	11,811	0	196,053	388,812
Federal Special	1,075,907	33,997	6,361	1,116,265	33,997	5,521	1,115,425	2,231,690
Total Funds	\$19,763,066	\$1,932,814	(\$340,984)	\$21,354,896	\$1,990,372	(\$221,570)	\$21,531,868	\$42,886,764

Program Description

The Compliance Valuation and Resolution Program administers audits and appraisals to ensure the tax-paying entities are in compliance with laws. The program is responsible for consistent valuation of properties statewide for purposes of property taxation. The program is located throughout the state in eight regions.

Program Narrative

<p style="text-align: center;">Department of Revenue Compliance Valuation and Resolution Major Budget Highlights</p>
<ul style="list-style-type: none"> ○ The department was directed to provide reports to the revenue and transportation interim committee that show the cost of tax compliance staff and the additional revenue generated from providing the associated tax compliance ○ 9.50 FTE in fiscal 2004 and 13.00 FTE in fiscal 2005 in positions that perform the various property appraisal and valuation functions associated with the department's annual appraisal work were eliminated ○ 3.00 FTE that tested system changes in support of POINTS II development were eliminated ○ 1.00 FTE was added to implement SB 461, which mitigates the effects of the periodic property tax revaluation cycle

Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

Program Funding Table						
Compliance Valuation And Resolution						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 18,502,917	93.6%	\$ 20,045,872	93.9%	\$20,220,390	93.9%
02110 Accommodation Tax Admin	96,833	0.5%	109,803	0.5%	113,097	0.5%
02320 Property Value. Improv. Fund	49,956	0.3%	49,956	0.2%	49,956	0.2%
02432 Oil & Gas Era	32,453	0.2%	33,000	0.2%	33,000	0.2%
03928 Royalty Audit - Nrct	146,003	0.7%	181,222	0.8%	185,521	0.9%
03954 Ui Administrative Grants	<u>929,904</u>	<u>4.7%</u>	<u>935,043</u>	<u>4.4%</u>	<u>929,904</u>	<u>4.3%</u>
Grand Total	\$ 19,763,066	100.0%	\$ 21,354,896	100.0%	\$21,531,868	100.0%

The Compliance Valuation and Resolution Program is funded with general fund, state special revenue, and federal special revenue. State special revenue is from charges for administering several taxes. The program also receives federal special revenue as reimbursement for auditing unemployment insurance collections and for performing natural resource royalty audits.

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				2,367,068					2,366,161
Vacancy Savings				(692,379)					(692,334)
Inflation/Deflation				90,938					119,537
Fixed Costs				95,201					116,759
Total Statewide Present Law Adjustments				\$1,860,828					\$1,910,123
DP 801 - Request for Leased Vehicles									
0.00	84,756	0	0	84,756	0.00	92,659	0	0	92,659
DP 803 - Compliance Staff Operating Costs									
0.00	69,230	0	0	69,230	0.00	69,590	0	0	69,590
DP 820 - Reduction of CAMA Operating Costs									
0.00	(82,000)	0	0	(82,000)	0.00	(82,000)	0	0	(82,000)
Total Other Present Law Adjustments									
0.00	\$71,986	\$0	\$0	\$71,986	0.00	\$80,249	\$0	\$0	\$80,249
Grand Total All Present Law Adjustments				\$1,932,814					\$1,990,372

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 801 - Request for Leased Vehicles - The legislature approved an increase of \$177,415 general fund for the biennium to lease an additional 21 vehicles from the State Motor Pool and surplus the same number of high mileage vehicles.

DP 803 - Compliance Staff Operating Costs - The legislature approved an increase of \$138,820 general fund for the biennium for operating costs associated with 10.00 FTE compliance staff added during the August 2002 Special Session. When it approved the increased funding, the legislature directed the department to provide reports to the Revenue and Transportation Committee during the interim to identify the revenues generated from compliance staff activities. The reports were directed because the additional staff were funded under the assumption that each additional compliance staff would generate \$280,000 additional general fund revenue per year through increased compliance activities. The

legislature directed reports through language contained in HB 2.

DP 820 - Reduction of CAMA Operating Costs - The legislature approved a reduction of \$164,000 general fund for the biennium to remove one time operating costs associated with CAMAS. The reduction eliminates the base expenditures for a 3-year license and system modifications that are not needed during the 2005 biennium.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 805 - Eliminate Participation in External Organizations										
08	0.00	(12,600)	0	0	(12,600)	0.00	(12,600)	0	0	(12,600)
DP 806 - Reduction of Computer Replacements										
08	0.00	(160,000)	0	0	(160,000)	0.00	(160,000)	0	0	(160,000)
DP 807 - Eliminate MOU with Yellowstone County										
08	0.00	(14,000)	0	0	(14,000)	0.00	(14,000)	0	0	(14,000)
DP 808 - Reduction of Property Tax Services										
08	(9.50)	(406,791)	0	0	(406,791)	(13.00)	(531,695)	0	0	(531,695)
DP 809 - Discontinuing POINTS Phase II										
08	(3.00)	(176,391)	0	0	(176,391)	(3.00)	(210,068)	0	0	(210,068)
DP 830 - SB 461 - Property Tax Relief										
08	1.00	99,343	0	0	99,343	1.00	31,032	0	0	31,032
DP 6800 - HB 13 - Pay Plan										
08	0.00	93,933	0	6,361	100,294	0.00	400,427	0	5,521	405,948
DP 8002 - Field Office Rent (Requires Legislation)										
08	0.00	229,161	0	0	229,161	0.00	269,813	0	0	269,813
Total	(11.50)	(\$347,345)	\$0	\$6,361	(\$340,984)*	(15.00)	(\$227,091)	\$0	\$5,521	(\$221,570)*

New Proposals

DP 805 - Eliminate Participation in External Organizations - The legislature approved a reduction of \$25,200 general fund for the biennium to eliminate payment of dues to the Federation of Tax Administrators (FTA).

DP 806 - Reduction of Computer Replacements - The legislature approved a reduction of \$320,000 general fund for the biennium in personal computer and related hardware purchases.

DP 807 - Eliminate MOU with Yellowstone County - The legislature approved a reduction of \$28,000 general fund for the biennium to discontinue the memorandum of understanding between the department and Yellowstone County for startup costs related to the Geographic Information System (GIS). In the future the department will provide in-kind services rather than cash payment to Yellowstone County for work on the system.

DP 808 - Reduction of Property Tax Services - The legislature approved a reduction of \$938,486 general fund for the biennium to eliminate funding for 9.50 FTE in fiscal 2004 and an additional 3.50 FTE in fiscal 2005, and operating expenses for payment of a service agreement to the Information Technology Services Division (ITSD) of the Department of Administration for GIS support. This adjustment eliminates positions that perform the following functions associated with the department's annual appraisal work:

- o Regional lead (1.00 FTE)
- o Industrial appraiser (1.00 FTE)
- o Appraisal specialist (3.00 FTE)
- o Property valuation specialist (1.00 FTE)
- o Appraisers (7.00 FTE)

DP 809 - Discontinuing POINTS Phase II - The legislature approved a reduction of \$386,459 general fund for the biennium to eliminate funding for 3.00 FTE who tested system changes in support of POINTS II development.

DP 830 - SB 461 - Property Tax Relief - The legislature approved increasing general fund by \$130,375 for the biennium,

which includes funding for 1.00 FTE in each fiscal year to implement SB 461, an act to mitigate the effects of the periodic property tax revaluation cycle. As part of its approval, the legislature designated \$65,157 of the fiscal 2004 increase as one time only.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 8002 - Field Office Rent - The legislature approved an increase of \$498,974 general fund for the biennium for increases to rent payments made for space department staff occupy outside of Helena. For staff working outside of Helena, the department pays rent for county building office space and private office space where county space is not available.

Language

The legislature approved the following language for the Compliance Valuation and Resolution Program:

"The department shall present reports to the revenue and transportation interim committee that show the cost of tax compliance staff and the additional revenue generated from providing the associated tax compliance. The department shall identify the costs and revenue separately for the additional staff added during the August 2002 special legislative session. The revenue and transportation interim committee may determine the frequency for reporting by the department on compliance staff revenue."